

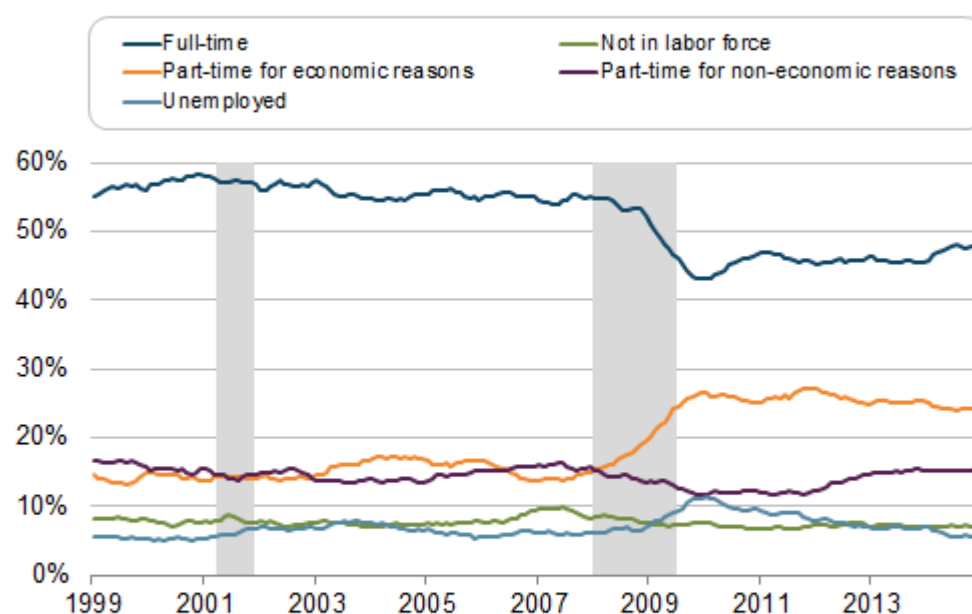
December 23, 2014

## Chances of Finding Full-Time Employment Have Improved

Today's sharp [upward revision to the third-quarter GDP reading](#) reinforces the view that the underlying strength of the U.S. economy has been sufficient to support more rapid improvement in the labor market. Last week [we noted the solid and broad-based recent improvement in the involuntary part-time work \(part-time for economic reasons or PTER\) situation over the last year](#), noting significant declines in the stock of PTER workers across industrial sectors and occupational categories.

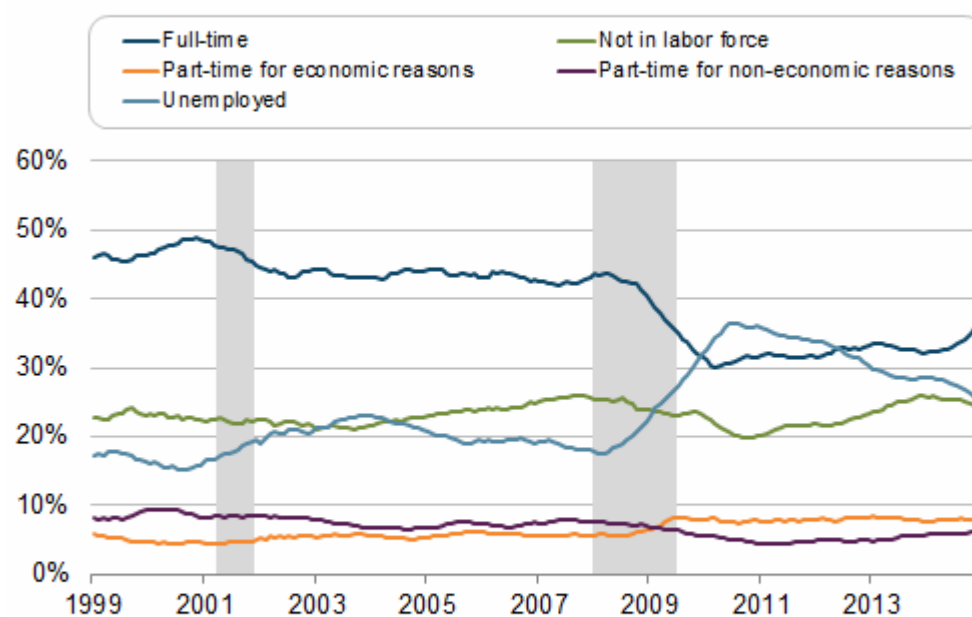
In this post we look at labor market improvement over the last year in terms of worker flows. Because the Current Population Survey is set up as a rotating panel, many of the people in the survey in any given month were in the survey a year earlier as well. This allows us to ask the question: if you were an unemployed prime-age individual (25–54 years old) or working PTER one year ago, what are you doing today? Have your chances of becoming employed full-time improved? Chart 1 shows the distribution of labor market outcomes of prime-age workers who were PTER one year earlier. Chart 2 shows the distribution of outcomes for those who were unemployed one year earlier. The data are 12-month moving averages to smooth out seasonal variation.

### Labor Market Outcomes of Prime-Age Individuals Working Part-Time for Economic Reasons One Year Earlier



Note: Data are through November 2014 and represent 12-month moving averages. Gray bars indicate recession.  
Sources: Current Population Survey, U.S. Bureau of Labor Statistics, U.S. Census Bureau, and authors' calculations

### Labor Market Outcomes of Prime-Age Individuals Who Were Unemployed One Year Earlier



Note: Data are through November 2014 and represent 12-month moving averages. Gray bars indicate recession.  
Sources: Current Population Survey, U.S. Bureau of Labor Statistics, U.S. Census Bureau, and authors' calculations

For both PTER workers and the unemployed, the chances of becoming employed full-time are up from a year earlier (and the

chances of being unemployed are down). In November 2013 there was about a 45 percent chance of someone who was PTER a year earlier having a full-time job. In November 2014 that had improved to about a 48 percent chance. This full-time employment flow rate is still much lower than the prerecession average of around 55 percent, and the improvement appears to have stalled a bit in recent months, but it is a notable improvement from a year earlier nonetheless. For PTER workers, the picture along other dimensions is more mixed. The chances of becoming unemployed appear to have returned to around prerecession levels, which is good, but the likelihood of remaining PTER is still quite elevated.

For the unemployed, there has been an even more marked improvement in the full-time finding rate over the last year. In November 2013 there was around a 32 percent chance of someone who was unemployed a year earlier having a full-time job. In November 2014 the chances improved to close to 36 percent. Moreover, the improvement in the rate of finding full-time work is responsible for the similar-sized decline in the chances of remaining unemployed. The only negative here is that the likelihood of an unemployed worker becoming PTER, while low, remains elevated compared with before the recession.

All in all, we think these developments are encouraging and add to the view that the pace of labor market improvement has picked up over the last year.

Happy holidays!



By [John Robertson](#), vice president and senior economist, and



*Ellie Terry, an economic policy analysis specialist, both of the Atlanta Fed's research department*

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